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NASA Procedural Requirements

COMPLIANCE IS MANDATORY**NPR 9631.1**Effective Date: September 30,
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Request Notification of Change

 (NASA Only)**Subject: Disbursements****Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [AppendixA](#) | [AppendixB](#) |
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Chapter 3. Prompt Payment

3.1 Overview

3.1.1 General. The Prompt Payment Regulation (5 CFR 1315) requires that the NASA pay vendors and employees' travel reimbursements in a timely manner and invokes an interest penalty for late payments. For NASA, it is applicable to payments for all vendors and utilities, with the following exceptions:

- a. Contract Financing Payments. Contract financing payments means an authorized disbursement of monies prior to acceptance of goods or services, including advance payments, progress payments based on cost, progress payments (other than under construction contracts) based on a percentage or stage of completion, payments on performance-based contracts, and interim payments on cost type contracts (other than cost-reimbursement contracts for the acquisition of services). Contract financing payments do not include invoice payments, payments for partial deliveries, or lease and rental payments.
- b. Payments related to emergencies (as defined in the Disaster Relief Act of 1974, Public Law 93-288, as amended (42 U.S.C. 5121 et seq.)); military contingency operations (as defined in 10 U.S.C. 101 (a)(13)); and the release or threatened release of hazardous substances (as defined in 4 U.S.C. 9606, Section 106).

3.1.2 Office of Management and Budget (OMB) interim final rule to the Prompt Payment Regulation requires agencies to pay an interest penalty whenever they make an interim payment under a cost-reimbursement contract for services more than 30 days after the agency receives a proper invoice for payment. The interim final rule is applicable for all interim payments request received under cost-reimbursement service contracts awarded on or after December 15, 2000. For the purposes of the Prompt Payment Regulation, interim payments under a cost-reimbursement service contract are treated as invoice payments and are subject to the requirements of the Prompt Payment Regulation unless otherwise provided by the rule.

3.2 Agency Requirements

3.2.1 Invoices, bills, or any other documents (hereinafter referred to as "invoices") authorized for payment by a Center, including progress and final payments, will be paid when due in accordance with the Prompt Payment Regulation (5 CFR 1315). Systems will be designed to include adequate internal controls to facilitate timely payment of invoices, take appropriate discounts, preclude duplicate payments and pay interest penalties automatically when due.

3.2.2 Required Documentation. Centers and NSSC will maintain paper or electronic documentation as required in 5 CFR 1315.

3.2.3 Receipt of Invoice. For the purpose of determining a payment due date and the date on which interest will begin to accrue if a payment is late, an invoice shall be deemed to be received:

- a. On the later of:

(1) For invoices that are mailed, the date a proper invoice is actually received by the designated billing office if NASA annotates the invoice with the date of receipt at the time of receipt. For invoices electronically submitted, the date a readable transmission is received by the designated billing office, or the next business day if received after normal working hours; or

(2) The seventh day after the date on which the property is actually delivered or performance of the services is actually completed; unless:

(a) NASA has actually accepted the property or services before the seventh day in which case the acceptance date shall substitute for the seventh day after the delivery date; or

(b) A longer acceptance period is specified in the contract, in which case the date of actual acceptance or the date on which such a longer acceptance period ends shall substitute for the seventh day after the delivery date.

b. On the date placed on the invoice by the contractor, when NASA fails to annotate the invoice with the date of receipt of the invoice at the time of receipt (such invoice must be a proper invoice).

c. On the date of delivery, when the contract specifies that the delivery ticket may serve as an invoice.

3.2.4 Review of Invoice. Each invoice will be reviewed by the designated billing office as soon as practicable after receipt to determine whether the invoice is a proper invoice as defined in 5 CFR 1315.9(b).

3.2.5 Improper Invoices.

3.2.5.1 When an invoice is determined to be improper, NASA shall return the invoice to the vendor as soon as practicable after receipt, but no later than seven days after receipt as required by 5 CFR 1315.4(c)(2).

3.2.5.2 With the returned invoice, the vendor will be notified of all defects that prevent payment and all specific reasons why the invoice is not proper and why it is being returned. This notification shall include a request for a corrected invoice, to be clearly marked as such.

3.2.5.3 Any media which produces tangible recordings of information in lieu of "written" or "original" paper document equivalents should be used to expedite the payment process, rather than delaying the process by requiring "original" paper documents. NASA shall implement adequate safeguards and controls to ensure the integrity of the data and to prevent duplicate processing.

3.2.6 Receipt of Goods and Services. NASA will ensure that receipt is properly recorded at the time of delivery of goods or completion of services.

3.2.7 Acceptance. Acceptance shall be executed as promptly as possible. Commercial items and services should not be subject to extended acceptance periods. Acceptance reports will be forwarded to the designated billing office by the fifth working day after acceptance. Unless other arrangements are made, acceptance reports will be stamped or otherwise annotated with the receipt date in the designated billing office.

3.2.8 Payment Due Date.

3.2.8.1 The period available to NASA to make a timely payment of an invoice without incurring an interest penalty shall begin on the date of receipt of a proper invoice or acceptance whichever is later unless no invoice is required. Employee travelers must be reimbursed within 30 calendar days after the employee submits a proper travel claim to the designated approving office.

3.2.8.2 Determining the Payment Due Date. Unless otherwise specified, the payment is due either:

a. The date(s) specified in the contract.

b. In accordance with discount terms when discounts are offered and taken.

c. In accordance with Accelerated Payment Methods. (See Appendix C.)

d. Thirty days after the start of the payment period, if not specified in the contract, if discounts are not taken, and if accelerated payment methods are not used.

3.2.8.3 Interim Payments on Cost-Reimbursement Contracts for Services. The payment due date for interim payments under cost-reimbursement service contracts shall be 30 days after the date of receipt of a proper invoice.

3.2.9 Notification of an Improper Invoice. NASA shall notify contractors/ vendors of improper invoices within seven days of receipt of the invoice.

3.2.10 Payment Date. Payment will be considered to be made on the settlement date for an electronic funds transfer (EFT) payment or the date of the check for a check payment. Payments falling due on a weekend or federal holiday may be made on the following business day without incurring late payment interest penalties.

3.2.11 Late Payment. When payments are made after the due date, interest will be paid automatically in accordance

with the requirements provided in 5 CFR Part 1315, Prompt Payment, and Appendix E, Late Interest Penalties and Additional Penalties."

3.2.12 Timely Payment. NASA shall make payments no more than seven days prior to the payment due date, but as close to the due date as possible, unless the agency head or designee has determined on a case-by-case basis for specific payments, that earlier payment is necessary. The Deputy Chief Financial Officer for Finance (DCFO(F)) must use this authority cautiously, weighing the benefits of making the payment early against the good stewardship inherent in effective cash management practices. Written determinations to approve early payments shall be retained in the payment file.

3.2.13 Payments for Partial Deliveries. NASA shall pay for partial delivery of supplies or partial performance of services after acceptance, unless specifically prohibited by the contract. Payment is contingent upon submission of a proper invoice if required by the contract.

3.2.14 In accordance with 41 CFR 101-41.401(e), for purposes of determining whether interest penalties under the Prompt Payment Regulation are due in the case of U.S. Government Bills of Lading (GBL's), the date on which payment is due is 30 days after receipt of a proper carrier bill or claim by the designated billing office, i.e., the office or employee designated on the GBL. Centers will ensure that receipt and acceptance are executed as promptly as possible. Receiving reports will contain the information specified in 5 CFR 13 15.9(c) and will be forwarded in time to be received by the Financial Management Office by the 5th working day after acceptance. Financial Management Offices will stamp receiving reports and invoices with the date received.

3.2.15 Fast Payment. A fast payment is a payment without evidence that supplies have been received. NASA activities will not certify payments without receipt and acceptance of goods or services unless specifically provided by contractual agreement executed pursuant to law. Therefore, requirements for the use of the FAST PAY provisions of the Prompt Payment Regulation are rarely needed or met and their use is to be discouraged. A list of situations in which fast pay can be used is in Appendix C. If Fast Payment is applicable, the requirements below should be followed:

a. NASA shall promptly inspect and accept supplies acquired under these procedures and shall ensure that receiving reports and payment documents are matched and steps are taken to correct discrepancies and ensure goods paid for are received.

b. NASA must include the contract clause at 48 CFR 52.213-1 as provided in the Federal Acquisition Regulations (FAR) at 48 CFR part 13, subpart 13.4 "Fast Payment Procedure," in each contract requiring the use of fast payment procedures.

3.2.16 Governmentwide Commercial Purchase Card. The following are the standards for payments to government-wide commercial purchase card issuers:

a. Payment Date. All individual purchase card invoices under \$2,500 may be paid at any time, but not later than 30 days after the receipt of a proper invoice. Matching documents are not required before payment. The payment due date and payment criteria for invoices in the amount of \$2,500 or more shall be determined in accordance with Appendix D, Discounts and Rebates. Treasury Financial Manual, I TFM 4-4525.10, permits payment of the bill in full prior to verification that goods or services were received.

b. Disputed Line Items. Disputed line items do not render the entire invoice an improper invoice for compliance with 5 CFR 1315, Prompt Payment Regulation. Any undisputed items must be paid in accordance with 5 CFR 1315, paragraph 1315.12(a).

3.2.17 Grant Recipients. Recipients of Federal assistance may pay interest penalties if specified in their contracts with contractors. However, obligations to pay such interest penalties will not be obligations of the United States. Federal funds may not be used for this purpose, nor may interest penalties be used to meet matching requirements of federally assisted programs.

3.3 Roles and Responsibilities

3.3.1 NASA Headquarters, Office of the Chief Financial Officer shall:

- a. Develop, maintain, issue, and interpret financial management policies for prompt payment.
- b. Maintain metrics to track progress in meeting prompt payment requirements.
- c. Perform quality control reviews to confirm that controls are effective and processes are efficient. Additionally, ensure internal reviews of payment performance and system accuracy are conducted.

3.3.2 NASA Centers shall ensure timely review, costing, funding, and approval of invoices.

3.3.3 NSSC shall:

- a. Adhere to the provisions of the Prompt Payment Regulation and other regulations and laws provided in section

6.3.

b. Timely process and pay invoices to avoid late payment interest penalties.

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